



**MCI Telecommunications
Corporation**

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June 12, 1997

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street NW
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

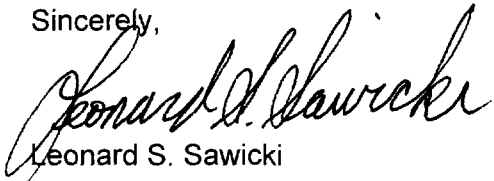
Re: CC Docket 94-129

Dear Mr. Caton:

Today, Paul Eskildsen and I met with Dan Gonzalez and Greg Parisi of Commissioner Chong's office. The purpose of the meeting was to explain how MCI makes and verifies sales to consumers and small businesses. MCI stated that similar sales by all carriers be verified using independent third party verification (TPV). The attached materials outline the MCI proposal.

Please add this letter and the enclosed copy to the record of this proceeding.

Sincerely,



Leonard S. Sawicki

Attachment

cc: Mr. Gonzalez
Mr. Parisi

No. of Copies rec'd
List Attached

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FCC TPV BRIEFING

SLAMMING IS AN INDUSTRY PROBLEM

- Mandatory Independent Third Party Verification (“TPV”) is the most effective solution available
- Letters of Authorization (“LOAs”) are NOT the solution, and in fact are part of the problem

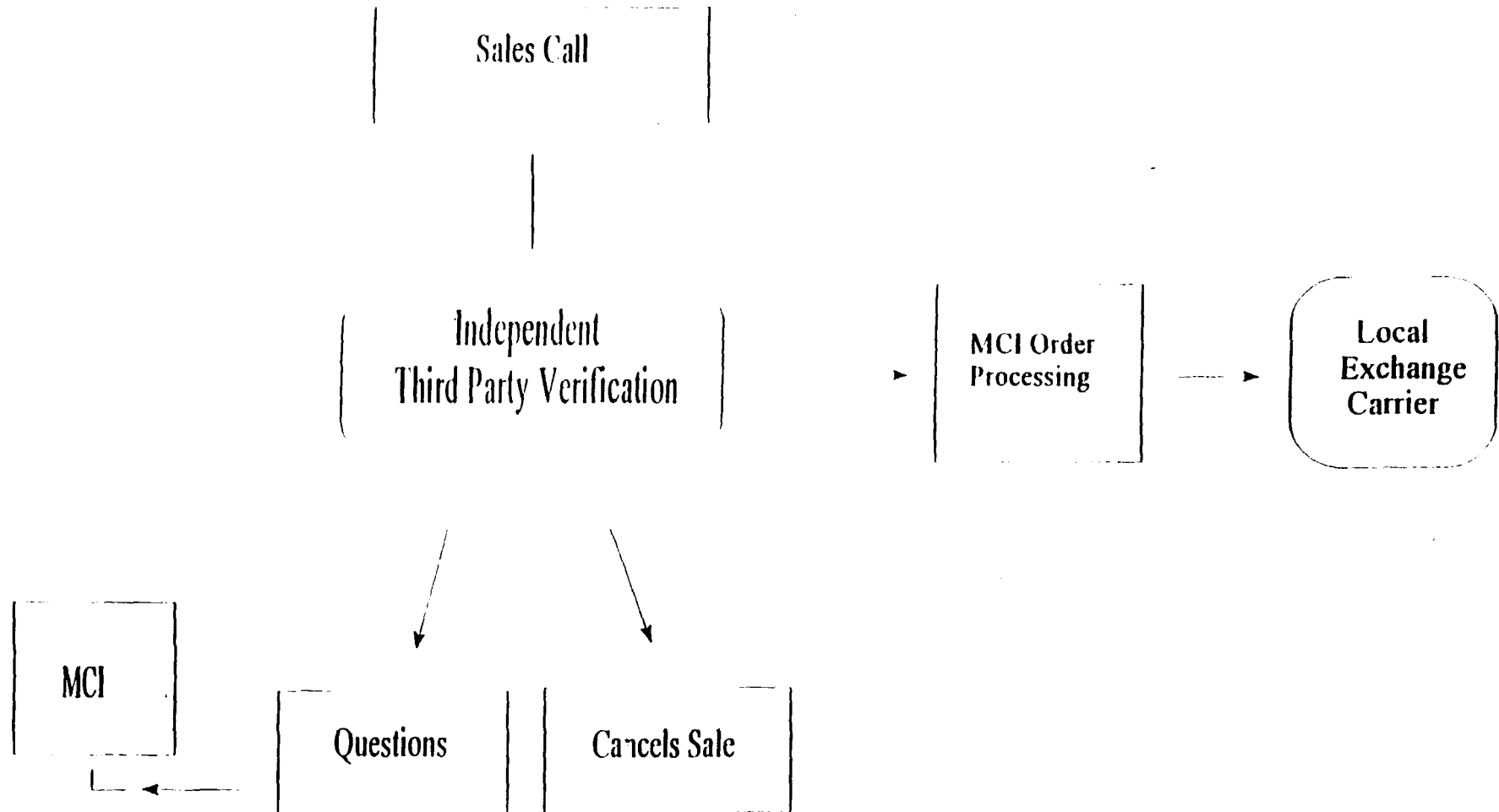
WHAT IS TPV?

- Confirmation of Carrier switches by an independent third party verification company
- Carrier ownership interest in TPV company prohibited
- No sales commissions or other install-based incentives
 - » TPV rep has no incentive to complete the sale

HOW DOES TPV WORK?

- Customer is either connected to the TPV rep after a sale is made, or receives a call back from the TPV rep
- TPV rep confirms essential information in short, consumer-friendly telephone transaction
 - » one to two minute call
 - » order installed after only sale is verified

Verification Process for MCI Outbound Telemarketing



MCI Satisfaction Guarantee - MCI will pay to switch a customer's service to his or her former long distance carrier if the customer is dissatisfied for any reason.

Sample Third Party Verification Script

Hello, Good Morning/Afternoon/Evening, Thank you for waiting...

This is/My name is _____ from an independent confirmation company. I am calling to verify/confirm your recent order for _____.

I understand that you have selected/chosen _____ to replace your current: long distance company OR: local long distance company OR: long distance and local long distance company? (pause - wait for acknowledgment - If no acknowledgment, state "Is that correct?")

Are you the person/decision maker who can change the service for this telephone number?

And are you at least 18 years old?

Were you informed that _____ will be sending you a certificate to help you pay for the one-time fee that your local telephone company will charge for switching to _____?

I need to confirm that your telephone bill comes addressed to _____.

The telephone number(s) you are switching to _____ is/are _____.

And finally, to show that you have authorized/confirmed this order for _____, may I have your SSN/DOB?

(If customer refuses both SSN and DOB): If you prefer not to give out that information I can process your order without your SSN or DOB. Do I have your permission to do so?

Thanks/Thank You for your time. Have a nice _____.

Or: Mr./Mrs./Ms. _____ would you like to have me to cancel your order at this time? OR: If you would like, I can cancel your order.

BENEFITS OF TPV

- Proven effective method to reduce unauthorized conversions
- Consumer friendly--customers prefer human interaction
- Quick--avoids order entry delays
 - » permits consumers to begin enjoying promised benefits sooner

BENEFITS OF TPV

- Acknowledges modern reality that most consumers want to deal with phone service issues over the telephone
- For sales originating through LOAs, catches “buyers remorse/changed mind” problems caused by LOA installation delays

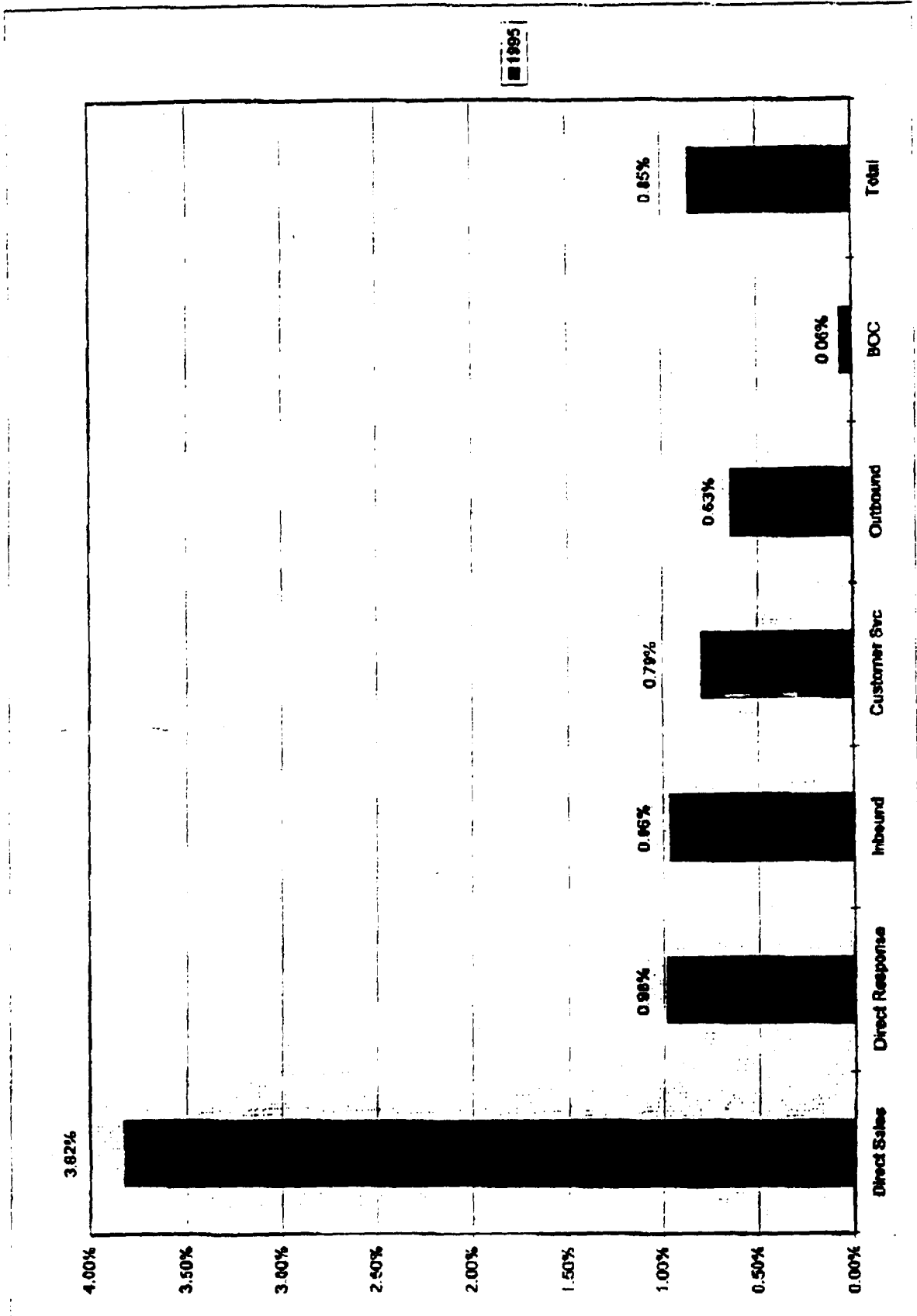
MCI TPV EXPERIENCE

- Implemented TPV in 1992 for outbound telemarketing sales
 - » TPV is one of four FCC authorized verification measures
- Resulted in demonstrable sales quality improvements and reductions in telemarketing complaints
- Less than 1/2 of one percent of all MCI sales generated from telemarketing result in PIC disputes or complaints

MCI TPV EXPERIENCE

- Prior to MCI's recent expanded commitment to TPV, other non-telemarketing sales channels were source of concerns
- LOA-driven sales channels were the source of a disproportionately large % of MCI's PIC disputes and complaints
- Particular problems with direct sales agents who document sales through LOAs

1995 PIC Disputes As A Percentage Of Installs



MCI TPV EXPERIENCE

- Majority of MCI sales occur over the telephone
- Direct sales and other sales channels not subject to TPV represent minority of new customer sales
- But stats show that these LOA-driven sales channels were the source of a disproportionately large # of complaints

MCI TPV EXPERIENCE

- MCI chart shows for 1995 that LOA-driven sales channels represented less than 20% of sales, but almost 50% of MCI's LEC-reported PIC disputes

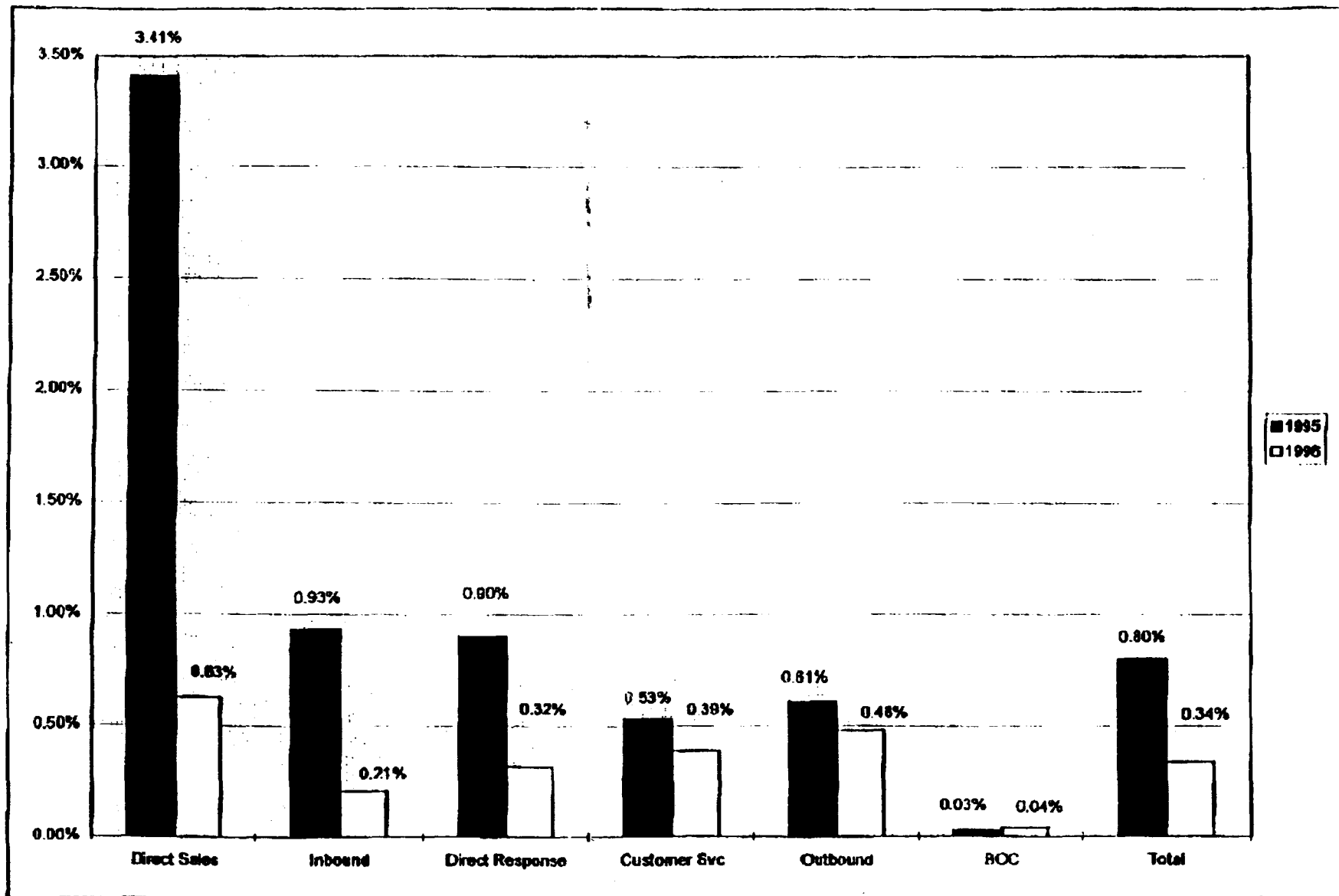
INDUSTRY EXPERIENCE

- Industry's growing problem is not telemarketing with TPV protections, but LOA sales
 - » forgeries
 - » deceptive sales methods, including check marketing, box marketing, etc.
 - » telephone sales are a problem only when TPV protections are not in place

MCI'S COMMITMENT TO TPV

- In early 1996, MCI made commitment to TPV for overwhelming majority of residential and small business sales
 - » FCC Consent Decree required implementation by 8/1/96
- Positive impact on sales quality, and substantial reduction of complaints from sales channels not previously subject to verification

TPV Results In Reduction Of PIC Disputes
PIC Dispute Percentage: September 1995 VS. September 1996



BUSINESS IMPACT OF TPV

- Benefits far outweigh costs of implementation
- Critical importance of maintaining public confidence in carrier integrity
 - » carriers interested in attracting new customers need customer confidence in the industry's handling of their service
- Avoidance of costly customer service transactions to deal with complaints

BUSINESS IMPACT OF TPV

- Reduction in costly customer churn
- Reduction in costs associated with switching customers back to previous carriers, dispute resolution, etc.
- Reduction in LOA storage and handling costs
- Reduction in legal and regulatory disputes
- High customer satisfaction

MCI PROPOSAL

- ALL RESIDENTIAL AND SMALL BUSINESS SALES MUST BE VERIFIED THROUGH INDEPENDENT TPV
 - » should apply to all sales channels, including outbound and inbound TM, direct sales LOAs, check LOA marketing, etc.
 - » IXC and intraLATA switches occurring due to direct customer contact with the LEC should be exempted

MCI PROPOSAL

- Should apply to ALL carrier switches-- long distance, intraLATA and local
- Protections necessary to ensure that local and intraLATA switches requested by a consumer through direct contact with the prospective new LEC or intraLATA carrier receive TPV